

1 WESLEY E. OVERSON (CA SBN 154737)
WOverson@mofo.com
2 JENNIFER LEE TAYLOR (CA SBN 161368)
JTaylor@mofo.com
3 NATHAN B. SABRI (CA SBN 252216)
NSabri@mofo.com
4 JULIA D. KRIPKE (CA SBN 267436)
JKripke@mofo.com
5 MORRISON & FOERSTER LLP
425 Market Street
6 San Francisco, California 94105-2482
Telephone: 415.268.7000
7 Facsimile: 415.268.7522

8 Attorneys for Defendants
RESTORATION HARDWARE, INC. and GARY FRIEDMAN
9

10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA
12 SAN FRANCISCO DIVISION
13

14 EMECO INDUSTRIES, INC.,

15 Plaintiff,

16 v.

17 RESTORATION HARDWARE, INC., GARY
FRIEDMAN, and Does 1-10,

18 Defendants.
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Case No. 3:12-cv-5072 MMC

**DEFENDANTS RESTORATION
HARDWARE AND GARY
FRIEDMAN'S OPPOSITION TO
PLAINTIFF'S MOTION FOR
PRELIMINARY INJUNCTION**

Date: Dec. 14, 2012
Time: 9:00 a.m.
Ctrm: 7

Hon. Maxine M. Chesney

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INTRODUCTION

In 1944, the U.S. Navy asked Emeco to build a chair for use on Navy ships. According to Emeco's director of product management, at that time, Emeco's founder "basically took a generic wood chair, took the design over, and made it in aluminum." (Declaration of Nathan Sabri, Ex. 1.) Now, 68 years later, Emeco claims that it owns that generic chair design. However, Emeco cannot sweep the generic nature of the chair's trade dress under the rug. What was generic then remains generic now. Because generic designs cannot be protected, Emeco's so-called "incontestable" trade dress registration is invalid. Emeco cannot show that it is likely to prove that it has valid and protectable rights in its chair's trade dress.

Emeco also overreaches as to its claim regarding the NAVY CHAIR trademark. A Navy or naval chair is a generic reference to the type of chair used by the Navy. Emeco cannot own all use of "Navy" or "naval" with "chair" any more than a company could own all use of "lawn" with "chair." A generic term cannot be protected, and Emeco's THE NAVY CHAIR registration is invalid. As with the chair's trade dress, Emeco has not shown that it is likely to be successful in proving that it has valid and protectable rights in the NAVY CHAIR trademark.

Emeco separately fails to demonstrate a likelihood of success because it cannot show a likelihood of confusion. Consumers are not likely to be confused as to the source of the "1940s Aluminum Naval Chairs" in the Restoration Hardware catalog. A survey reflects that only 1% (or 1.5% at most) of respondents who viewed the chair in the Restoration Hardware catalog believed it came from Emeco. This falls far short of what case law requires to establish confusion. Additionally, Restoration Hardware's use of the descriptive phrase "1940s Aluminum Naval Chair" was a protected fair use that accurately described the style of the product.

Finally, Plaintiff has not shown the irreparable harm necessary to justify the extraordinary relief of a preliminary injunction. Restoration Hardware has not sold a single chair accused in this dispute. Not one. It preempted any sales before a single chair was sent to a store or a customer. Restoration Hardware is holding the chair inventory under lock and key in its warehouses, and the chair no longer appears on its website. There is no need for an injunction

1 because no sales have occurred, and they will not occur until there is a ruling on the merits.¹

2 STATEMENT OF FACTS

3 **Origin of Navy Chair Design.** The Navy set the specifications for what became the 1006
4 Navy Chair during World War II, and then developed it together with Alcoa. Emeco later built
5 the chair according to those specifications. As part of the public relations campaign Emeco
6 launched with this lawsuit, Emeco's CEO, Gregg Buchbinder stated:

7 Emeco began in 1944. The US Navy had a problem. They needed
8 something for the Navy ships. They needed furniture that was
9 lightweight, non-corrosive for the salt air, nonflammable, that
10 would not affect the instruments so it needed to be nonmagnetic,
11 fireproof, and, of course, super durable because the sailors would
destroy everything on ships. The Navy worked with Alcoa
Aluminum, and they developed this chair, and they went to Emeco
and at that time Emeco produced what is now known as the 1006
Navy chair.

12 (Sabri Decl. Ex. 2; *see also id.* Ex. 3 ("Emeco's quality guarantee of The Navy Chair® is the
13 result of elaborate and precise specifications developed by the U.S. Navy in 1944 in conjunction
14 with ALCOA Aluminum."); Compl. ¶ 13.) Mr. Buchbinder explained that this "utilitarian,
15 purpose-built chair" has "become famous because it's built so well." (Sabri Decl. Ex. 2.)
16 Emeco's director of product development admitted on a video posted by Emeco to its YouTube
17 channel that the founder of Emeco "basically took a generic wood chair, took the design over, and
18 made it in aluminum." (*Id.* Ex. 1.)

19 **Use of Naval Chairs Since 1940s.** The simple aluminum chair that the Navy asked
20 Emeco to build in the 1940s has continuously been used on Navy ships over the decades that
21 followed. (Compl. ¶ 13.) Thus, the chair has literally been a "naval" chair for more than 60
22 years. Other companies have also made Navy chairs for decades. Goodform/General
23 Fireproofing made "Aluminum Army/Navy Chairs" in the 1940s. (Sabri Decl. Ex. 4.)
24 Chromcraft & Harvard Interiors made "Navy chairs" in the 1960s and 1970s. (*Id.* Ex. 5.) In fact,

25 ¹ Plaintiff seeks to enjoin both Restoration Hardware and Gary Friedman, but Plaintiff's
26 motion establishes no facts suggesting Mr. Friedman's personal involvement in the allegedly
27 infringing activities or that he is involved in selling or marketing any chairs on his own apart from
28 Restoration Hardware. An injunction against Mr. Friedman would thus be improper. The
remaining arguments against an injunction made in this brief apply equally to both Restoration
Hardware and to Mr. Friedman.

1 the chair appears in a Navy catalog listing procurement data for furnishings approved for
 2 shipboard use. (*Id.* Ex. 6.) The manufacturer of the Navy chair below is listed as Turnbull
 3 Enterprises, Inc., not Emeco:



4
 5
 6
 7 (*Id.*) Another entity, Pacific Maritime Industries, Corp., displays a similar product and states on
 8 its website that it “manufacture[s] all items in the U.S. Navy’s NAVAL SHIPBOARD
 9 FURNITURE CATALOG,” with a link to the Navy catalog that includes Turnbull’s identical
 10 Navy chair. (*Id.* Ex. 7.) Many other versions of “Navy chairs” are offered on the market today,
 11 including aluminum dining “Navy chairs,” stackable “Navy chairs,” a “New Spec Argent Navy
 12 Chair,” “Brushed Aluminum Navy Side Dining Chairs,” and “Classic Design Navy Chair
 13 Aluminum Dining Chair Reproduction.” (*Id.* Exs. 8-13.) Some have also emphasized the chairs’
 14 naval origin, calling them “sailor chairs” and “military style” chairs. (*Id.* Exs. 14-16.)

15 **Emeco’s Trademark Applications.** Emeco waited more than 50 years before it applied
 16 for a trade dress registration for the chair design in 1998. (Compl. Ex. 1.) In 2004, sixty years
 17 after the Navy developed the chair design, Emeco applied for a trademark registration for the
 18 words THE NAVY CHAIR, claiming use of that mark since 1999. (*Id.* Ex. 2.) It applied for a
 19 trademark registration for a logo comprised of a chair design in 2005 (*id.* Ex.1) and for 111
 20 NAVY CHAIR in 2009 (*id.* Ex. 2.)

21 **What the Emeco Chair is Named Today.** As cited above, the CEO of Emeco has
 22 recently stated that its chair “is now known as the 1006 Navy chair.” (Sabri Decl. Ex. 2.)
 23 Plaintiff writes that it “named the chair with a number: 1006, some people call it the Navy chair.
 24 We still call it the Ten-o-six.” (*Id.* Ex. 17.) The Emeco 1006 Navy chair is currently being sold
 25 by retailers as: “1006 Navy® Side Chair” (*id.* Ex. 18), “Emeco 1006 – Navy Dining Chair” (*id.*
 26 Ex. 19); and “Emeco Navy Chair (1006 Chair)” (*id.* Ex. 20). Plaintiff also sells a plastic “111
 27 Navy Chair.” (*Id.* Ex. 17.)

28 **Overview of Restoration Hardware’s Business.** Restoration Hardware sells home

1 furnishings through catalogs, the Internet, and more than 70 retail stores. (Declaration of Frances
 2 Hamman ¶ 1.) It does not own or operate any manufacturing facilities. (*Id.*) It contracts with
 3 third-party vendors for the manufacture of its merchandise. (*Id.*) Its sourcing strategy focuses on
 4 identifying and using vendors that can provide the quality materials and fine craftsmanship that
 5 its customers expect, while still offering good value on price. (*Id.* ¶ 2.)

6 **Sourcing of “1940s Aluminum Naval Chair.”** In May of this year, Restoration
 7 Hardware decided to add new products to a fall catalog, which eventually was named “Big Style,
 8 Small Spaces.” (*Id.* ¶ 3.) Several “mid-century modern” chairs were to be part of the new
 9 catalog. (*Id.* ¶ 4.) Restoration Hardware’s sourcing representative in China, Stone Liu,
 10 investigated two possible manufacturers of metal chairs, Amanson and Xuda, and each sent
 11 exemplars of the chairs that it already had in its line. (*Id.*) Restoration Hardware settled on one
 12 of the exemplars from Amanson; it was later described as the “1940s Aluminum Naval Chair” in
 13 the “Big Style, Small Spaces” catalog. (*Id.* ¶¶ 5-6.)

14 **Purchase Orders for Amanson Chairs.** Restoration Hardware placed purchase orders
 15 with Amanson on July 13, 2012. (*Id.* ¶ 6.) The chairs were to be delivered to two of Restoration
 16 Hardware’s distribution centers. (Declaration of Jason Edelman ¶ 8.)

17 **The “Big Styles, Small Spaces” Catalog.** The “Big Styles, Small Spaces” catalog was
 18 sent to approximately 8 million homes in the United States in early September 2012. (*Id.* ¶ 2.) It
 19 included the page with the picture of a chair that Emeco included in its motion alongside the
 20 description “Introducing 1940s Naval Chair.” (Mot. at 8.) The chair also appeared on the
 21 Restoration Hardware website with the description “Introducing 1940s Aluminum Naval Chair
 22 Collection.” (*Id.* at 9.)

23 **Withdrawal of Chairs from Sale and from Website.** After the catalog issued, Emeco
 24 complained to Restoration Hardware of trade dress and trademark violations. (Edelman Decl.
 25 ¶ 2.) Restoration Hardware initially removed the term “naval” from the website, so that the chairs
 26 were described as “Standard Aluminum Chairs.” (*Id.*) Emeco then filed suit on October 1, 2012.
 27 Restoration Hardware withdrew the chairs from sale on October 3, 2012. (*Id.* ¶ 3.) The chairs
 28 never made it out of the Restoration Hardware warehouses. (*Id.* ¶ 3; Declaration of Paul

1 Gargagliano ¶ 5; Declaration of Robert Forte ¶¶ 2-5.) Restoration Hardware informed customers
 2 who had placed orders already that their orders would not be filled. (Edelman Decl. ¶ 4.) These
 3 chairs were never delivered to customers. (*Id.*)

4 **Cancellation of Amanson Orders.** Restoration Hardware cancelled all of its remaining
 5 purchase orders with Amanson on October 3, 2012, and took action to secure whatever inventory
 6 had been manufactured. (*Id.* ¶ 6, Ex. 1; Hamman Decl., ¶ 7, Ex. 2.) It confirmed with Amanson
 7 that the inventory that had been built for Restoration Hardware had already shipped and that no
 8 further chairs were in inventory in China or in the process of being manufactured. (Edelman
 9 Decl. ¶ 7, Ex. 2; Hamman Decl. ¶ 7.) The first Amanson chairs arrived in the United States at the
 10 Restoration Hardware distribution center in Mira Loma, California, on October 15, 2012, and
 11 subsequent shipments have arrived on October 16 and 22 in Mira Loma and on November 8,
 12 2012, at the Essex, Maryland distribution center. (Gargagliano Decl. ¶¶ 2-4; Forte Decl. ¶ 2.)
 13 There are currently 2,416 chairs in locked and sealed storage containers at Restoration
 14 Hardware's facilities. (Edelman Decl. ¶ 9.) Additional chairs are on ships on their way to the
 15 United States, and these shipments will be held in locked and sealed storage containers when they
 16 arrive. (Gargagliano Decl. ¶ 9; Forte Decl. ¶ 6.) Restoration Hardware will not release any of the
 17 chairs from storage until this Court rules on the merits of the case. (Edelman Decl. ¶ 10.)

18 **Lack of Confusion as to Source, Affiliation, or Sponsorship.** Hal Poret, an expert in
 19 consumer surveys, conducted a survey to test whether potential Restoration Hardware customers
 20 would associate Restoration Hardware's chair with Emeco's Navy Chair, or mistakenly believe
 21 the chair, as shown in the catalog, was made by, affiliated with, or authorized by Emeco.
 22 (Declaration of Hal Poret ¶ 7.) The survey was weighted toward higher-income households
 23 (Restoration Hardware's target customers) and only included persons who had shopped or were
 24 likely to shop at Restoration Hardware for furniture. (*Id.* ¶ 6, Ex. 1 at 3, 12 & n.1.) First,
 25 participants were shown the chair alone, and only 1% or 1.5% surveyed associated the look of
 26 that chair with Emeco. (*Id.* ¶ 6, Ex. 1 at 11, 19, 21.) When shown the relevant pages of
 27 Restoration Hardware's catalog, only 1% (at most 1.5%) believed the chair was made by,
 28 affiliated with, or authorized by Emeco. (*Id.* at ¶ 6, Ex. 1 at 11, 19, 21.) Notably, this survey was

1 conducted *after* Emeco’s press blitz resulting in articles in the *Los Angeles Times*, the *New York*
 2 *Times*, the *San Francisco Chronicle*, and many other publications. (Sabri Decl. Ex. 21.) Many of
 3 these articles included photos of the chairs and summarized Emeco’s claims in this lawsuit. (*Id.*)

4 **ARGUMENT**

5 Plaintiff is not entitled to the “extraordinary remedy” of a preliminary injunction. *Winter*
 6 *v. Natural Res. Def. Council*, 555 U.S. 7, 24 (2008) (“[a] preliminary injunction is an
 7 extraordinary remedy never awarded as of right”). Plaintiff has not established: (1) a likelihood
 8 of success on the merits of its claims; (2) a likelihood that it will suffer irreparable harm; (3) that
 9 the balance of equities tips in its favor; or (4) that an injunction is in the public interest, *id.* at 19-
 10 20, or that it meets the “serious questions” version of the four-factor analysis that is permitted in
 11 *Alliance for the Wild Rockies v. Cottrell*, 632 F.3d 1127 (9th Cir. 2011).

12 **I. PLAINTIFF CANNOT DEMONSTRATE LIKELIHOOD OF SUCCESS.**

13 To prevail on a claim under the Lanham Act, Plaintiff must establish that it has valid,
 14 protectable rights *and* that Restoration Hardware’s offer for sale of its accused chairs is likely to
 15 cause confusion. *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1046 (9th
 16 Cir. 1999). Plaintiff can establish neither. Because Restoration Hardware raises substantial
 17 questions as to infringement and the validity of the rights on which Plaintiff relies, the Court
 18 should deny the motion for preliminary injunctive relief. In the patent context, if a defendant
 19 raises a “substantial question” as to infringement or validity that the patentee cannot prove “lacks
 20 substantial merit,” the patentee is not entitled to a preliminary injunction. *Aria Diagnostics, Inc.*
 21 *v. Sequenom, Inc.*, Case No. C 11-06391 SI, 2012 U.S. Dist. LEXIS 93124, at *31-35 (N.D. Cal.
 22 July 5, 2012) (denying motion for preliminary injunction); *Elantech Devices Corp. v. Synaptics,*
 23 *Inc.*, Case No. C 06-1839 PVT, 2008 U.S. Dist. LEXIS 116997, at *6 (N.D. Cal. Aug. 27, 2008)
 24 (“If the other party raises substantial questions concerning either infringement or validity, the
 25 preliminary injunction should not issue.”). This is because a “substantial question” shows
 26 insufficient likelihood of success “[g]iven the time constraints within which an accused infringer”
 27 must respond to a motion for preliminary injunction. *New Eng. Braiding Co. v. A.W. Chesterton*
 28 *Co.*, 970 F.2d 878, 883 (Fed. Cir. 1992). The same logic applies here, and Plaintiff’s motion

1 should be denied because Restoration Hardware raises substantial questions as to both the validity
 2 and infringement of Plaintiff's asserted rights. *See e.g., Cazet v. Epps*, Case No. C 10-02460
 3 JSW, 2010 U.S. Dist. LEXIS 67924, at *4 (N.D. Cal. June 11, 2010) (denying temporary
 4 restraining order as "Court [could not] find . . . that Plaintiffs have obtained a protectable mark").

5 **A. Plaintiff's Asserted Rights Are Not Protectable.**

6 Trademarks are generally classified in one of four categories in a continuum from weakest
 7 to strongest: (1) generic; (2) descriptive; (3) suggestive; and (4) arbitrary or fanciful. *Filipino*
 8 *Yellow Pages, Inc. v. Asian Journal Publ'ns, Inc.*, 198 F.3d 1143, 1146-47 (9th Cir. 1999)
 9 (citations omitted). Generic terms are never protectable as trademarks. *Id.* at 1147. Descriptive
 10 terms are protectable only upon a showing of secondary meaning, which refers to a "mental
 11 recognition in buyers' and potential buyers' minds that products connected with the [mark]
 12 emanate from or are associated with the same source." *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*,
 13 654 F.3d 958, 967 (9th Cir. 2011) (citation omitted).

14 Plaintiff touts its "incontestable" registrations as a basis to demonstrate its alleged rights,
 15 but "the label of 'incontestability' is rather misdescriptive." *KP Permanent Make-Up, Inc. v.*
 16 *Lasting Impression I, Inc.*, 408 F.3d 596, 603 (9th Cir. 2005). Significantly, "incontestability"
 17 does not prevent a challenge that the mark is generic. *Gen. Conference Corp. of Seventh-Day*
 18 *Adventists v. Seventh-Day Adventists Congregational Church*, 887 F.2d 228, 231 (9th Cir. 1989)
 19 ("A trademark, even if it has become incontestable, is subject to the defense that the mark is
 20 generic.")

21 "Incontestable" product configuration designs also "may be cancelled if the mark is
 22 generic." *Sunrise Jewelry Mfg. Corp. v. Fred S.A.*, 175 F.3d 1322, 1323 (Fed. Cir. 1999)
 23 (vacating dismissal of petition to cancel and remanding for determination of whether "metallic
 24 nautical rope design" mark was generic). They can also be cancelled if the trade dress is
 25 functional. 15 U.S.C. § 1115(b)(8) (incontestable trade dress registration subject to "defense[] or
 26 defect[]" that "the mark is functional"). Each of Plaintiff's "incontestable" registrations is subject
 27
 28

1 to cancellation.²

2 **1. Plaintiff's THE NAVY CHAIR mark and chair trade dress are generic.**

3 **a. Plaintiff's THE NAVY CHAIR mark is generic.**

4 This Circuit determines whether a term is generic by referring to the “who-are-you/what-
5 are-you” test. *Advertise.com, Inc. v. AOL Adver., Inc.*, 616 F.3d 974, 978 (9th Cir. 2010)
6 (vacating preliminary injunction as ADVERTISING.COM trademark was generic). A valid
7 trademark “answers the buyer’s questions ‘Who are you?’ ‘Where do you come from?’ ‘Who
8 vouches for you?’ But the generic name of the product answers the question ‘What are you?’”
9 *Id.* An online advertising company may respond to the question “what are you” with “an
10 advertising dot-com,” thus ADVERTISING.COM is generic. *Id.*; *see also Rudolph Int’l, Inc. v.*
11 *Realys, Inc.*, 482 F.3d 1195, 1198-99 (9th Cir. 2007) (“disinfectable” answers “what-are-you” test
12 and is generic because it “relates to the type of product rather than its source”); *Classic Foods*
13 *Int’l Corp. v. Kettle Foods, Inc.*, 468 F. Supp. 2d 1181, 1194-95 (C.D. Cal. 2007) (“kettle chips”
14 is generic as it identifies “a type of potato chip”).

15 Plaintiff asserts rights in a “Navy chair” trademark based on registrations for THE NAVY
16 CHAIR and 111 NAVY CHAIR, but “Navy chair” is generic because it answers the question
17 “what are you?,” not the question “who are you?” THE NAVY CHAIR is also generic because
18 the addition of the term “the” cannot render a generic term protectable. *GMT Prods., L.P. v.*
19 *Cablevision of New York City, Inc.*, 816 F. Supp. 207, 211 (S.D.N.Y. 1993) (finding THE
20 ARABIC CHANNEL generic and noting, “use of the word ‘the’ before an unprotectable mark
21 does not convert an otherwise generic term into a descriptive one”).³ Plaintiff’s chair was

22 ² Restoration Hardware will file counterclaims seeking to cancel each of Plaintiff’s
23 asserted registrations. The Court has the power to cancel invalid registrations. 15 U.S.C. § 1119.

24 ³ Plaintiff’s claim of rights in “Navy Chair” based on 111 NAVY CHAIR also fails as a
25 plaintiff cannot base a claim on a generic component of a mark any more than it can on a generic
26 mark. *Boston Duck Tours, LP v. Super Duck Tours, LLC*, 531 F.3d 1, 18, 38 (1st Cir. 2008)
27 (reversing grant of preliminary injunction where no likelihood of confusion between BOSTON
28 DUCK TOURS and SUPER DUCK TOURS, as “duck tours” was generic and BOSTON and
SUPER dissimilar) (citing *Am. Cyanamid Corp. v. Connaught Labs., Inc.*, 800 F.2d 306, 308 (2d
Cir. 1986) (“A trademark holder cannot appropriate generic or descriptive terms for its exclusive
use This principle applies equally to the generic component of a trademark.”))

1 developed by the U.S. Navy in the 1940s, and it has been used on Navy ships ever since. (Sabri
 2 Decl. Ex. 2; Mot. at 3.) Plaintiff's chair is "a Navy chair," and Plaintiff is just one source for it.
 3 Turnbull Enterprises, Inc. is another. (Sabri Decl. Ex. 6.) The existence of a 1006 Navy chair,
 4 which Plaintiff calls the "Ten-o-six," and a 111 Navy chair demonstrates this further: 111 and
 5 1006 provide the name of the product, and, along with the name Emeco answer "who are you?"
 6 while "Navy chair" answers "what are you?" (*Id.* Ex. 17.)

7 In fact, the Trademark Office initially rejected Plaintiff's application to register THE
 8 NAVY CHAIR as "merely descriptive," finding that "Navy chair" "refers to a particular style of
 9 chair commonly used by the Navy."⁴ (*Id.* Ex. 22.) The Trademark Office attached to its
 10 rejection pages from the Navy Shipboard Furniture Catalog showing the "Turnbull Enterprises"
 11 Navy chairs discussed above. (*Id.*) Plaintiff overcame this objection by claiming that "navy
 12 chair" had acquired secondary meaning due to Plaintiff's alleged "substantially exclusive" use of
 13 the mark since January 1999. (*Id.* Ex. 23.) Plaintiff did not reconcile its claim of "substantially
 14 exclusive use" of the mark with the evidence showing a third-party manufacturer of "navy
 15 chairs," and the Trademark Office allowed the registration based upon Plaintiff's representation.
 16 (*Id.*)

17 In fact, there is a plethora of similarly designed "Navy chairs" or "sailor chairs":

- 18 • A seller of midcentury antiques offers a "Vintage Goodform Aluminum
 19 Army/Navy Chair," circa 1940s, similar to Plaintiff's chair. (*Id.* Ex. 4.)
- 20 • Similar "Sailor Chairs" are available on Amazon.com and NYCBed.com.
 21 (*Id.* Exs. 14-15.)
- 22 • A similar "Brushed Aluminum Navy Side Dining Chair" was available on
 23 Amazon.com. (*Id.* Ex. 8.)
- 24 • Seating Depot.com sells a "stackable navy chair." (*Id.* Ex. 13.)
- 25 • A comparably styled "[b]rushed aluminum dining Navy chair" was
 26 recently available on eBay. (*Id.* Ex. 10.)

27 ⁴ The Trademark Office also initially rejected Plaintiff's application to register 111
 28 NAVY CHAIR, stating "'Navy chair' refers to a particular style of chair." (Sabri Decl. Ex. 24.)
 Plaintiff overcame the objection by relying solely on its existing registration for THE NAVY
 CHAIR as evidence that NAVY CHAIR had acquired secondary meaning. (*Id.*)

- “Argent Navy Chair in Aluminum” and “Classic Design Navy Chair Aluminum Dining Chair Reproduction” were recently available on eBay. (*Id.* Exs. 9, 12.)

Each of the examples pictured below is an aluminum “navy chair” or “sailor chair” sold by an entity *other than Plaintiff*.



(*Id.* Exs. 4, 10, 13-15.)

Restoration Hardware has raised a substantial question of genericness as to THE NAVY CHAIR mark, such that a motion for preliminary injunction based on that mark must be denied.

b. Plaintiff’s trade dress is generic.

Trade dress has a different test to determine genericness: “(1) if the definition of a product design is overbroad or too generalized; (2) if a product design is the basic form of a type of product; or (3) if the product design is so common in the industry that it cannot be said to identify a particular source.” *Walker & Zanger, Inc. v. Paragon Indus., Inc.*, 465 F. Supp. 2d 956, 962 (N.D. Cal. 2006). Plaintiff’s asserted trade dress⁵—shown below—is generic under the second and third formulations set forth in *Walker*. It is merely the basic form of a type of a chair with four legs, a back, and a seat, and the specific presentation of these elements is similarly so basic and unadorned, that the design cannot be considered distinctive.



⁵ Plaintiff never clearly explains the basis for its claim of trade dress rights. To the extent that Plaintiff relies on U.S. Reg. No. 3,191,187, that registration is for a logo, not for a chair design. (Mot. at 5; Blavin Decl. ¶ 8, Ex. 7.) Plaintiff cites no authority, because there is none, to support its position that a logo incorporating a common object can serve as a basis for a product configuration trade dress infringement claim.

(Compl. Ex. 1.) Plaintiff's director of product development *admits* that Plaintiff "basically took a generic wood chair, took the design over and made it in aluminum," and that if one were to ask a child to draw a chair, "she will probably take the 1006 chair, because it's just a classic chair." (Sabri Decl. Ex. 1.) A lineup of Plaintiff's chair, the accused chair, a third-party "sailor chair" available on Amazon.com, and two so-called "alternative designs" (Mot. at 14-15) demonstrates how commonplace this basic form is:



(Sabri Decl. Ex. 25.)

A Restoration Hardware employee even came across a Chinese-made Navy chair in a local mall just this week. (Edelman Decl. ¶ 11.) The fact that numerous competitors are selling very similar "naval chairs" and "sailor chairs" is strong evidence that the chair design⁶ is generic. (*See supra* pp. 9-10; Sabri Decl. Exs. 11 (ITALMODERN Cafe Aluminum Side Chair), 16 (DecoDina "military style" chairs in restaurant)); *Stuart Spector Designs, Ltd. v. Fender Musical Instruments Corp.*, 94 U.S.P.Q.2d 1549, 1555 (T.T.A.B. 2009) (explaining that "competitor use of the same or substantially similar designs is evidence of genericness"). A generic, unprotectable design cannot serve as a basis for a preliminary injunction.

c. Plaintiff's trade dress is functional.

"The functionality doctrine prevents trademark law . . . from . . . inhibiting legitimate

⁶ U.S. Reg. No. 3,191,187 for the chair logo is also generic and incapable of identifying a source. An image logo that is generic is unprotectable. *Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042, 1048 (9th Cir. 1998) (holding that "[g]rape-leaf designs have become generic emblems for wine" and are not protectable); *In re Capri Macaroni Corp.*, 173 U.S.P.Q. 630, 631-32 (T.T.A.B. 1972) (affirming refusal to register picture of colored macaroni because so-called mark was "nothing more than the goods itself").

1 competition by allowing a producer to control a useful product feature.” *Qualitex Co. v.*
 2 *Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995). Indeed, “copying is not always discouraged or
 3 disfavored by the laws which preserve our competitive economy;” it “will have salutary effects in
 4 many instances.” *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001). For these
 5 reasons, the Supreme Court warned that “trade dress protection must subsist with the recognition
 6 that in many instances there is no prohibition against copying goods and products.” *Id.* Courts
 7 are thus circumspect “when extending protection to product designs because such claims present
 8 an acute risk of stifling competition.” *Walker*, 465 F. Supp. 2d at 961 (internal quotation marks
 9 and citation omitted) (“granting trade dress protection to an ordinary product design create[s] a
 10 monopoly in the goods themselves”).

11 The Ninth Circuit looks to four factors in determining functionality: “(1) whether the
 12 design yields a utilitarian advantage, (2) whether alternative designs are available, (3) whether
 13 advertising touts the utilitarian advantages of the design, and (4) whether the particular design
 14 results from a comparatively simple or inexpensive method of manufacture.” *Disc Golf Ass’n v.*
 15 *Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998). Under this test, Plaintiff’s asserted
 16 chair design trade dress (*see supra* p. 10) is functional and its registration is subject to
 17 cancellation.

18 First, by Plaintiff’s own admission the trade dress clearly yields a utilitarian advantage—
 19 the chair is a “utilitarian, purpose-built chair,” designed to be “a seaworthy, lightweight and
 20 durable chair suitable for use on warships and submarines.” (Sabri Decl., Ex. 2; Buchbinder
 21 Decl. ¶ 4.) In fact, each of the specific elements that Plaintiff asserts as comprising its trade dress
 22 provides a utilitarian advantage to Plaintiff’s Navy Chair: (i) three vertical bars connect the upper
 23 and lower curves of the back of the seat and offer a place to grip the chair when moving it, (ii) the
 24 rounded bends at top corners on the upper back of the seat, which also form the back legs, the
 25 rounded curve on the lower back of the seat, and the overall concave curvature of the chair back
 26 offer back support and comfort and the roundness avoids sharp corners, (iii) the seat with its “butt
 27 dip” provides a comfortable place for one’s posterior, (iv) the horizontal bars between the chair
 28 legs offer structural support, (v) the “outward bend” of the back legs provides stability, and

(vi) the lack of fasteners (yielding a sculpture-like, one-piece design) improves the quality of the chair by eliminating moving parts that could break.⁷ In fact, Plaintiff touts durability as a key characteristic of its chair, and the lack of fasteners furthers this stated goal of making a chair that lasts. (Sabri Decl. Ex. 28.) Plaintiff also refers to “the pie-shaped cross section of the tapered front legs,” but that element is not featured in Plaintiff’s asserted trade dress registration and thus is not at issue here. *See* note 7 *supra*. Moreover, this element is functional, as the use of rounded edges on the front chair legs makes for a smooth transition from the rounded seat corner, thereby avoiding sharp edges and preventing injury and clothes-snagging.

One design blog highlighted the inherently functional nature of Plaintiff’s trade dress, lauding how the chair consists of “a seamless, aluminum frame that is formed perfectly for ergonomics and doesn’t fuss with ornamentation.” (Sabri Decl. Ex. 26.) Taken together as a whole, Plaintiff’s trade dress is merely an arrangement of elements necessary to the product’s purpose as a durable, industrial chair that fit the U.S. Navy’s specifications. The specific design enhances its durability and thus undeniably yields a utilitarian advantage. In another recent case involving a far more unique design of a chair enveloped within a tree trunk, the court concluded that the asserted chair design was functional because the elements of the asserted trade dress were “essential to the use or purpose of the furniture piece or affect[ed] the cost or quality of the furniture piece.” *See e.g., Heptagon Creations, Ltd. v. Core Grp. Mktg. LLC*, Case No. 11 Civ. 01794 (LTS)(AJP), 2011 U.S. Dist. LEXIS 147102, at *20-21 (S.D.N.Y. Dec. 22, 2011) (internal citations omitted).

Second, Plaintiff points to two “alternative designs for aluminum-based chairs that did not copy, *identically*, the complete design of the Navy Chair®” to suggest that alternative designs are available (Mot. at 14-15 (emphasis added)), but the differences are minor. The numerous sources

⁷ Plaintiff identifies a “distinct hand brushed finish with the contrasting direction where the leg meets the seat bottom” as an element of its trade dress (Mot. at 13), but its trade dress registration is a line drawing that does not cover specific finishes. (Blavin Decl. ¶ 7, Ex. 6.) Similarly, Plaintiff cannot rely on “the positioning and angle of the curved horizontal bar(s) on the lower base of the seat” (Mot. at 13) because they are not shown on the drawing. For purposes of this motion, the elements of Plaintiff’s trade dress are limited to the design disclosed in U.S. Reg. No. 2,511,360 because Emeco failed to assert common law trade dress rights in its motion.

1 of aluminum chairs that are virtually identical to Plaintiff's chair design demonstrate that the
 2 elements of Plaintiff's claimed trade dress are essential to the purpose and use of a lightweight
 3 aluminum chair. *TrafFix*, 532 U.S. at 28-29.

4 Third, Plaintiff's advertisements tout the durability of its chairs with headlines that
 5 proclaim: "First let's make things that last." (Buchbinder Decl. Ex. A; Sabri Decl. Exs. 27-29.)
 6 Plaintiff achieved this utilitarian durability using a functional chair with no fasteners, no moving
 7 parts, and made of a single strong material—aluminum. Plaintiff's touting of this facet of the
 8 design is evidence that the design is functional.

9 Fourth, the chair "design results from a comparatively simple or inexpensive method of
 10 manufacture." *Disc Golf*, 158 F.3d at 1006. Numerous third parties sell comparable chairs in the
 11 range of \$89 to \$255 (Sabri Decl. Exs. 8-15), and dozens of manufacturers offer comparable
 12 chairs wholesale in the range of \$19 to \$100. (*Id.* Ex. 31.) The particular chair design selected by
 13 Restoration Hardware has a wholesale price of \$37. (Hamman Decl. Ex.1.) While Plaintiff may
 14 use a complex 1940s manufacturing process (Mot. at 16), that decision does not render the design
 15 itself complex or costly. As shown by the prices above, the chair *design* is inexpensive to build.

16 For these reasons, there is at least a substantial question as to whether Plaintiff's trade
 17 dress is functional.

18 **B. Plaintiff Has Not Shown a Likelihood of Confusion.**

19 Courts look to the multifactor test set out in *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341,
 20 348-49 (9th Cir. 1979), to assess likelihood of confusion. Specifically, these factors are: (1)
 21 strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of
 22 actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to
 23 be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of
 24 expansion of the product lines. *Id.* It is not sufficient to show that confusion is possible. Plaintiff
 25 instead must demonstrate that Restoration Hardware's chairs are "likely to confuse an
 26 appreciable number of people." *Entrepreneur Media v. Smith*, 279 F.3d 1135, 1151 (9th Cir.
 27 2002) (emphasis in original). In other words, they "will *probably* cause consumer confusion as to
 28 the source or sponsorship of the product." *Fiji Water Co., LLC v. Fiji Mineral Water USA, LLC*,

741 F. Supp. 2d 1165, 1177 (C.D. Cal. 2010) (emphasis added).

Plaintiff asserts that the *Sleekcraft* test is “unnecessary” here because Restoration Hardware’s products are counterfeits. (Mot. at 19 & nn.7-8.) Unlike in the cases cited by Plaintiff, Restoration Hardware has not engaged in “counterfeiting.” In *Ubiquiti Networks, Inc. v. Kozumi USA Corp.*, Case No. C 12-2582 CW, 2012 U.S. Dist. LEXIS 85665, at *38-39 (N.D. Cal. June 20, 2012), the court noted that defendants’ counterfeit products “used design, hardware and software identical to the original Ubiquiti product” and “[n]otably” used plaintiff’s registered word mark as well as the company’s name and corporate address.⁸ By contrast, Restoration Hardware has not used the Emeco name; it used the term “naval” in its descriptive sense; it marketed the chairs in its own catalog and on its own website; and it did not try to sell them as Emeco chairs. *Cf. Koon Chun Hing Kee Soy & Sauce Factory, Ltd. v. Eastimpex*, Case No. C 04-4146 MMC, 2007 U.S. Dist. LEXIS 7880, at *7 (N.D. Cal. Feb. 2, 2007) (emphasis added) (Chesney, J.) (“mark and design imprinted” on counterfeit products was “the same as, or substantially indistinguishable, from” from plaintiff’s mark and trade dress).

1. Key *Sleekcraft* factors establish that confusion between Plaintiff’s trade dress and trademarks and Restoration Hardware’s chairs is not likely.

a. Plaintiff’s trade dress and trademarks are very weak.

Even if the Court determined that Plaintiff’s trade dress and trademarks are not generic, they would still be very weak and should be afforded very little protection. *See Entrepreneur Media*, 279 F.3d at 1142 n.3 (registration’s incontestable status “does *not* require a finding that the [trade dress] is strong”). Although the Restoration Hardware chairs look similar to Plaintiff’s chairs, as discussed above, Plaintiff’s chair design is a basic design common throughout the

⁸ *See also Herman Miller Inc. v. Alphaville Design Inc.*, Case No. C 08-03437 WHA, 2009 U.S. Dist. LEXIS 103384, at *3 (N.D. Cal. Oct. 22, 2009) (counterfeit chairs were “identical with, or substantially indistinguishable from” registered trade dress and were advertised under plaintiff’s brand name); *Philip Morris USA Inc. v. Felizardo*, Case No. 03 Civ. 5891 (HB), 2004 U.S. Dist. LEXIS 11154, at *18 (S.D.N.Y. June 18, 2004) (counterfeit cigarettes were sold in “imitation” Phillip Morris cartons); *Phillip Morris USA Inc. v. Shalabi*, 352 F. Supp. 2d 1067, 1071, 1073 (C.D. Cal. 2004) (stating that goods were counterfeit where they “appeared to be” MARLBORO® and MARLBORO LIGHTS® brand cigarettes).

1 furniture industry, and “Navy chair” is a common phrase used by competitors to describe a style
 2 of chair. (*See, e.g.*, Sabri Decl. Ex. 4, 8-10, 12-13.) The numerous third-party uses of similar
 3 chair designs and names significantly weaken Plaintiff’s trade dress and trademark.

4 A trade dress or trademark is weak where there is little or no association between it and
 5 the origin or source. *See Network Automation, Inc. v. Advanced Sys. Concepts*, 638 F.3d 1137,
 6 1149 (9th Cir. 2011). Plaintiff offers circumstantial evidence of the strength of its trade dress and
 7 trademark in the form of investment in advertising and length of use. (Mot. at 17-18.) However,
 8 this is not sufficient to convert weak trade dress and trademark rights into strong ones because it
 9 says nothing of the “effectiveness” of Plaintiff’s efforts. *See First Brands Corp. v. Fred Meyer,*
 10 *Inc.*, 809 F.2d 1378, 1383 (9th Cir. 1987). Plaintiff presents no evidence that consumers actually
 11 associate its trade dress solely with Plaintiff. Plaintiff’s failure to submit survey evidence on this
 12 point is particularly telling. *See Vision Sports, Inc. v. Melville Corp.*, 888 F.2d 609, 615 (9th Cir.
 13 1989) (“An expert survey of purchasers can provide the most persuasive evidence of secondary
 14 meaning.”). In fact, Restoration Hardware submits a survey that shows that only 1.0% (2.5% at
 15 most) of people surveyed associated Restoration Hardware’s chair—which Plaintiff alleges is
 16 virtually indistinguishable from its own trade dress—with Plaintiff. (Poret Decl. ¶¶ 6, 9 Ex. 1 at
 17 11, 19, 21.) These rates fall far below the figures generally found to support a finding of
 18 secondary meaning. *See Straumann Co. v. Lifecore Biomedical Inc.*, 278 F. Supp. 2d 130, 137
 19 (D. Mass. 2003) (no reasonable jury could infer secondary meaning from 0-2.73% association).

20 **b. There is no evidence of significant actual confusion.**

21 Plaintiff’s failure to offer survey evidence on likelihood of confusion “may lead to an
 22 inference that [Plaintiff] predicted that the results of such a survey would be unfavorable,” *Cairns*
 23 *v. Franklin Mint Co.*, 24 F. Supp. 2d 1013, 1041-42 (C.D. Cal. 1998), which turned out to be true
 24 as Restoration Hardware’s survey firmly demonstrates that confusion is *not* likely. When shown
 25 the chair alone, only 1% or 1.5% of those surveyed associated the look of that chair with Emeco.
 26 (*Id.* ¶¶ 6, 9 Ex. 1 at 11, 19, 21.) When shown the relevant pages of Restoration Hardware’s
 27 catalog with the accused phrase “Introducing 1940s Naval Chair,” only 1% or 1.5% believed the
 28 chair was made by, affiliated with, or authorized by Emeco. (*Id.* at ¶¶ 6, 9, Ex. 1 at 11, 19, 21.)

1 Restoration Hardware’s survey expert concludes that “there is no more than a negligible
 2 likelihood that the Restoration Hardware chair will be confused with Emeco or its Navy Chair . . .
 3 [or] that the appearance of the chair in the Restoration catalog will cause an association with
 4 Emeco’s Navy Chair.” (*Id.* ¶ 10.)

5 This is strong evidence that there is no likelihood of confusion between the chair as
 6 pictured and described in Restoration Hardware’s catalog and Plaintiff’s trade dress and
 7 trademarks. *See Survivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 629, 633 (9th Cir. 2005)
 8 (survey showing less than 2% confusion demonstrated “absence of significant confusion”);
 9 *Cairns*, 24 F. Supp. 2d at 1040 (“Survey evidence clearly favors the defendant when it
 10 demonstrates a level of confusion much below ten percent.”) (internal citation and quotation
 11 marks omitted); *see also Henri’s Food Prods. Co. v. Kraft, Inc.*, 717 F.2d 352, 358 (7th Cir.
 12 1983) (affirming conclusion that “a 7.6% confusion finding weighs against infringement”).

13 Instead of a survey, Plaintiff offers “evidence” of “several instances” of actual confusion
 14 (Mot. at 20; Blavin Decl. ¶ 15, Ex. 14), but the weight of the evidence shows that consumers are
 15 *not* confused and are aware that there are different sources for the chairs. (*See* Blavin Decl. ¶ 16,
 16 Ex. 15 (user comment noting that “Restoration Hardware has some relatively reasonable repros of
 17 the Emeco classic”); *id.* ¶ 17, Ex. 16 (describing Restoration Hardware’s chair as “Emeco-
 18 esque”). If a consumer refers to a chair as a “repro,” she does not think it is the original product.
 19 Similarly, the “Emeco-esque” comment does not imply that there is any confusion as to source,
 20 sponsorship, or affiliation. *M2 Software, Inc. v. Madacy Entm’t*, 421 F.3d 1073, 1083 (9th Cir.
 21 2005) (emphasis in original) (finding evidence that “[a]t best” showed consumer was “*reminded*”
 22 of plaintiff did not show actual confusion). A review of the other blog commenters that Plaintiff
 23 submitted does not suggest a likelihood of confusion. (*See* Blavin Exs. 14-16.)

24 **c. The parties use different trade channels.**

25 Plaintiff and Restoration Hardware market their products through distinct trade channels
 26 such that consumer confusion is highly unlikely. Plaintiff sells its products through its website,
 27 “established retail furniture and design stores such as Design Within Reach,” and “to trade
 28 architects and designers, governments, contract dealers, international distributors, and for end use

commercial applications.” (Mot. at 5.) Restoration Hardware, by contrast, sells its products through its own retail stores, website, and catalogs. (Hamman Decl. ¶ 1.) Because Plaintiff does not sell its chairs through Restoration Hardware’s retail channels, the parties do not use overlapping marketing channels, eliminating any risk of point-of-sale consumer confusion. *See Fruit of the Loom, Inc. v. Girouard*, 994 F.2d 1359, 1361 (9th Cir. 1993) (finding that “almost no overlap[] of marketing channels” weighed in favor of no confusion).

d. Consumers exercise a high degree of care.

When purchasing expensive items, consumers are considered “to be more discerning—and less easily confused” *Brookfield Commc’ns, Inc.*, 174 F.3d at 1060. Here, Plaintiff sells its chairs for approximately \$455 (Blavin Decl. Ex. 1), whereas Restoration Hardware listed the price of its chairs at \$129 (*id.* Ex. 11). Given these price points, consumers will use care before making a decision to purchase and will understand that there may be a difference between these two products. *See Beats Elecs., LLC v. Fanny Wang Headphone Co.*, Case No. C-10-5680 MMC, 2011 U.S. Dist. LEXIS 2228, at *16 (N.D. Cal. Jan. 5, 2011) (denying TRO in part because “given the relatively high price point,” a typical consumer is “likely to exhibit care when making his/her selection”).

e. Restoration Hardware did not intend to cause confusion with Plaintiff’s chairs.

Plaintiff offers no evidence that Restoration Hardware intended to confuse consumers as to the source of its products. Plaintiff argues that Restoration Hardware sells counterfeit goods and that that shows intent. (Mot. at 21.) However, Plaintiff’s case for counterfeiting relies not on evidence, but rather on *ad hominem* attacks that Restoration Hardware is sued a lot and steals the designs of others. Such allegations do not show Restoration Hardware’s intent to confuse its customers into believing it was selling Emeco chairs.

f. The word marks are not sufficiently similar to cause confusion

Restoration Hardware’s descriptive phrases such as “Introducing 1940s Naval Chair” and “Introducing 1940s Aluminum Naval Chair Collection” are not similar enough to the trademarks

THE NAVY CHAIR or 111 NAVY CHAIR to cause confusion.⁹ The only true overlap is the generic word CHAIR. The term “naval” is a common descriptive word for something designed and used by the U.S. Navy. Using the descriptive word “naval” does not create a likelihood of confusion. *See Entrepreneur Media*, 279 F.3d at 1145 n.9. The fact that the accused phrases appeared only on Restoration Hardware’s website and in Restoration Hardware’s catalog, and not on any products, also militates against a finding that the marks are sufficiently similar to cause confusion. Consumers who encounter the accused phrases will only see them in connection with Restoration Hardware, which they will understand to identify the source of the products. *See Groupon, LLC v. Groupon, Inc.*, 859 F. Supp. 2d 1067, 1073-74 (N.D. Cal. 2012) (GROUPION and GROUPON dissimilar because of differences in color, background, and capitalization, as well as frequent appearance of distinct tagline next to GROUPION).

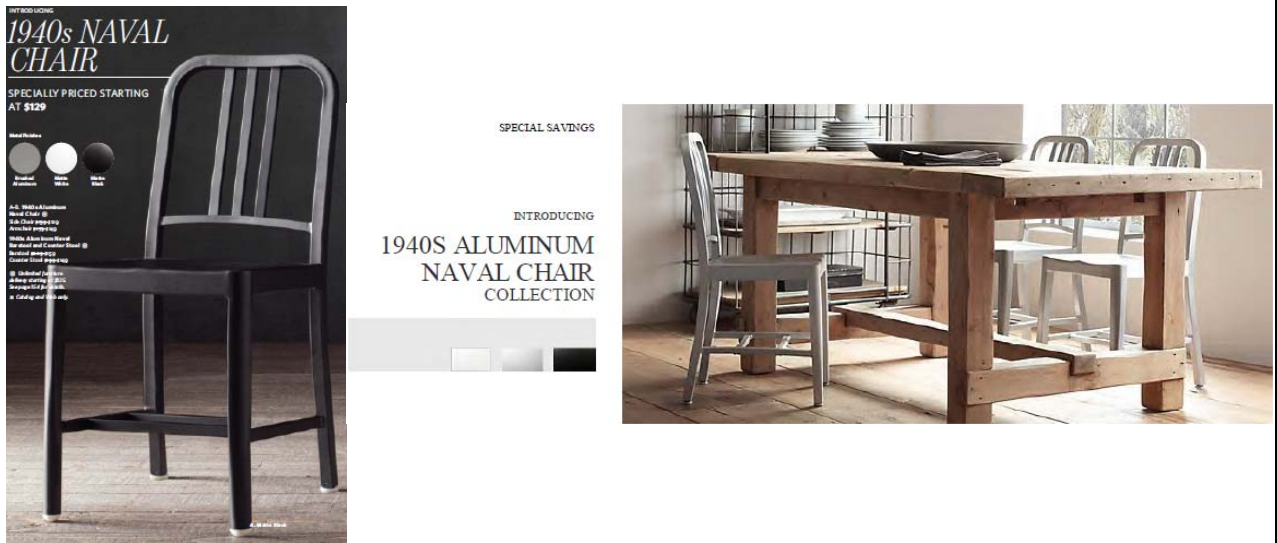
2. Defendants’ accused phrases are protected by the defense of fair use.

Even if there were some likelihood of confusion due to Restoration Hardware’s use of the accused phrases, the affirmative defense of “fair use” defeats trademark claims where, as here, a defendant uses a term “descriptively, not as a mark, fairly, and in good faith.” *KP Permanent Make-Up, Inc.*, 543 U.S. at 123-24 (defendant “has no independent burden to negate the likelihood of any confusion;” “fair use can occur along with some degree of confusion”) (citing 15 U.S.C. § 1115(b)(4)). The Supreme Court cautioned that a trademark owner adopting a mark with a descriptive meaning, as here, accepts a risk of confusion, and “the use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong.” *Id.* at 119, 122 (internal citations omitted). Thus, where a party used “VCR-2” to describe a particular input on a receiver, it was not liable for infringing the registered “VCR-2” mark, as its use was

⁹ Plaintiff’s conclusory assertion that Plaintiff counterfeited the word marks 111 NAVY CHAIR and THE NAVY CHAIR marks is baseless. (Mot. at 19.) The Lanham Act defines a “counterfeit mark” as “a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.” 15 U.S.C. § 1127. The identity standard for counterfeiting is high. *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 269 (4th Cir. 2007). Plaintiff’s use of “Introducing 1940s Naval Chair” does not even begin to meet this standard.

“fair use as a matter of law.” *In re Dual-Deck Video Cassette Recorder Antitrust Litig.*, 11 F.3d 1460, 1467 (9th Cir. 1993).

Plaintiff attacks Restoration Hardware’s use of the phrases “Introducing 1940s Naval Chair” and “Introducing 1940S Aluminum Naval Chair” as shown below:



(Blavin Decl. Exs. 11, 13.) However, these accused phrases are protected by the fair use defense because they are fair, good faith descriptive uses, and they are not being used as trademarks. *KP Permanent Make-Up*, 543 U.S. at 124. The Navy chair was designed by the U.S. Navy in the 1940s (*supra* p. 2), has been used by the Navy on ships and submarines for decades, and continues to be used by the Navy to this day. (Compl. ¶ 13.) Restoration Hardware’s phrases thus aptly describe the chairs. Plaintiff even concedes that Restoration Hardware uses the phrase “naval chair” in “*describing* its products.” (Mot. at 6, 11) (emphasis added). Notably, Plaintiff is not accused of using a term identical to Defendants’ purported “navy chair” trademark, and uses the phrase “naval chair” only as part of a longer phrase. Indeed, Restoration Hardware’s survey results, which presented respondents with the chairs as they appeared in the Restoration Hardware catalog, along with the phrase “Introducing 1940s Naval Chair,” demonstrate that the phrase was not viewed as a trademark or source identifier.

Plaintiff has not shown a likelihood of confusion resulting from Restoration Hardware’s use of the descriptive term “naval chair” in connection with longer phrases.

1 **II. PLAINTIFF CANNOT DEMONSTRATE THAT IT IS LIKELY TO**
 2 **SUFFER IRREPARABLE HARM WITHOUT AN INJUNCTION**

3 Plaintiff must demonstrate that it is likely to suffer irreparable harm in the absence of an
 4 injunction. *Rovio Ent'mt Ltd. v. Royal Plush Toys, Inc.*, Case No. C 12-5543 SBA, 2012 U.S.
 5 Dist. LEXIS 159257, at *14-15 (N.D. Cal. Nov. 6, 2012). Previously, courts presumed
 6 irreparable injury if the moving party showed likelihood of success on the merits of trademark
 7 infringement claims. *Id.* at *12 (citing *Brookfield Communs., Inc. v. West Coast Entm't Corp.*,
 8 174 F.3d 1036 (9th Cir. 1099)). However, in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388,
 9 393 (2006), the Supreme Court rejected categorical rules that avoid the four-factor injunction test,
 10 and in *Winter v. NRDC, Inc.*, 555 U.S. 7, 22 (2008), emphasized that preliminary injunctions are
 11 “extraordinary remed[ies]” that may only be awarded where “irreparable injury is *likely* in the
 12 absence of an injunction.” (emphasis in original).

13 The Ninth Circuit has not directly addressed whether a presumption of irreparable harm
 14 upon a showing of likelihood of success still exists in trademark infringement suits, but numerous
 15 judges in this district have found that a plaintiff is *not* entitled to a presumption of irreparable
 16 harm. *See, e.g., Rovio Ent'mt Ltd.*, 2012 U.S. Dist. LEXIS 159257, at *14-15 (holding no
 17 presumption and denying request for TRO); *BoomerangIt, Inc. v. ID Armor, Inc.*, Case No. 5:12-
 18 cv-0920 EJD, 2012 U.S. Dist. LEXIS 86382, at *9-10 (N.D. Cal. June 21, 2012) (same);
 19 *ConocoPhillips Co. v. Gonzalez*, Case No. 5:12-cv-00576-LHK, 2012 U.S. Dist. LEXIS 20972, at
 20 *5-6 (N.D. Cal. Feb. 17, 2012) (same, denying motion for TRO and preliminary injunction);
 21 *Groupion, LLC v. Groupon, Inc.*, 826 F. Supp. 2d 1156, 1167 (N.D. Cal. 2011) (same, denying
 22 motion for preliminary injunction). One court in this circuit denied a preliminary injunction on a
 23 Lanham Act false advertising claim where the plaintiff failed to establish likelihood of irreparable
 24 harm even though *all other factors* favored the plaintiff. *Leatherman Tool Group, Inc. v. Coast*
 25 *Cutlery Co.*, 823 F. Supp. 2d 1150, 1158-59 (D. Or. 2011) (“[T]hree of the four factors—
 26 likelihood of success on the merits, balance of the equities, and the public interest—favor
 27 Leatherman. I cannot however, grant Leatherman’s request for a preliminary injunction because
 28 it has failed to show a likelihood of irreparable harm.”). In analyzing irreparable harm, the Ninth

1 Circuit has emphasized that “the correct standard is not whether there is a ‘possibility’ but
 2 whether there is a ‘likelihood of irreparable injury.’” *Stormans, Inc. v. Selecky*, 586 F.3d 1109,
 3 1138 (9th Cir. 2009) (quoting *Winter*, 555 U.S. at 26.); *see also Caribbean Marine Servs. Co. v.*
 4 *Baldrige*, 844 F.2d 668, 674 (9th Cir. 1988) (“Speculative injury does not constitute irreparable
 5 injury sufficient to warrant granting a preliminary injunction.”).

6 Plaintiff does not carry its burden of showing a *likelihood* of irreparable harm as it makes
 7 only conclusory assertions of irreparable harm and provides no persuasive evidence. Plaintiff
 8 argues that it will lose reputation and goodwill because the products Restoration Hardware
 9 offered were inferior and cheaper. (Mot. at 21-22.) It provides no evidentiary support, relying
 10 solely on a self-serving and equally conclusory declaration from Plaintiff’s CEO. (*Id.*) Plaintiff
 11 provides no evidence of lost sales, price erosion,¹⁰ loss of market share, or even damage to
 12 goodwill or reputation, only the speculative and subjective belief that it will be harmed. The
 13 *Leatherman* court found that a declaration from “one of [plaintiff’s] senior executives to vouch
 14 for [plaintiff’s harm]” was insufficient to establish likelihood of irreparable harm, as “plaintiff
 15 must offer something more than a mere subjective belief that it is likely to be injured.”
 16 *Leatherman Tool Group*, 823 F. Supp. 2d at 1158 (internal citation omitted). Similarly, the fact
 17 that the infringing product was cheaper and plaintiff’s market position would be harmed did not
 18 show irreparable harm. *OG Int’l, Ltd. v. Ubisoft Entm’t*, Case No. C 11-04980 CRB, 2011 U.S.
 19 Dist. LEXIS 124020, at *27 (N.D. Cal. Oct. 26, 2011) (denying motion for preliminary
 20 injunction).¹¹ Plaintiff has not presented any real evidence of irreparable harm, only speculative

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 22 ¹⁰ Plaintiff’s assertion that Restoration Hardware’s “low price point” “cheapens the entire
 23 Navy Chair product line” is at odds with the facts. The market is already saturated with “navy
 chairs” priced below and above the Restoration Hardware chairs. (Sabri Decl. Exs. 8, 9, 13, 14.)

24 ¹¹ Plaintiff cites four cases to support its claim that loss of goodwill establishes irreparable
 25 harm, but each of the cases had ample evidence of irreparable harm and the courts did not rely
 26 solely on assertions of loss of goodwill. (*See* Mot. at 21-22.) *Stuhlbarg Int’l Sales Co., Inc. v.*
 27 *Brush and Co., Inc.*, 240 F.3d 832, 840-41 (9th Cir. 2001), had evidence of threatened loss of
 28 specific customers. *SunEarth, Inc. v. Sun Earth Solar Power Co.*, 846 F. Supp. 2d 1063, 1083
 (N.D. Cal. 2012), had evidence of wider actual confusion. *Paulsson Geophysical Servs., Inc. v.*
Sigmar, 529 F.3d 303, 313 (5th Cir. 2008), had evidence of a risk of loss of a \$29 million contract
 and a small community at risk of confusion. *Tempur-Pedic Int’l, Inc. v. Waste to Charity, Inc.*,
 Case No. 07-2015, 2007 U.S. Dist. LEXIS 11435, at *24-27 (W.D. Ark. Feb. 16, 2007), had

(Footnote continues on next page.)

1 assertions of harm that are insufficient to satisfy Plaintiff's burden.

2 Moreover, Plaintiff's entire claim of irreparable harm is premised on an assumption of
 3 future sales of the accused chairs. Restoration Hardware, however, has not sold a single chair,
 4 and has told Plaintiff and this Court that it will not do so until the Court rules in this case.
 5 Restoration Hardware promptly removed the word NAVAL from its website after it received a
 6 cease-and-desist letter from Plaintiff's counsel, and even locked down its inventory. (Edelman
 7 Decl. ¶ 2.) It cancelled all outstanding orders for the chairs and informed customers who had
 8 placed phone or internet orders that their chair orders would not be filled. (*Id.* ¶¶ 4, 6.)
 9 Restoration Hardware also removed the SKUs of the accused chairs from its purchasing system
 10 so the accused chairs *cannot* be sold. (*Id.* ¶ 3.)

11 This is not a situation where a defendant simply declares that it will not infringe in the
 12 future; rather, Restoration Hardware has gone above and beyond to assure Plaintiff that there is
 13 no chance of alleged infringement during the pendency of the case, despite substantial questions
 14 on the merits. Defendants' actions either moot the injunction outright, or at a minimum, make the
 15 risk of irreparable harm extremely slight. *See Nichia Corp. v. Seoul Semiconductor, Ltd.*, Case
 16 No. 06-0162 MMC, 2008 U.S. Dist. LEXIS 12183, at *7-8 (N.D. Cal. Feb. 7, 2008) (denying
 17 permanent injunction where defendants no longer manufactured product, only two accused
 18 products had been sold, and technology in question was obsolete); *see also Hypoxico Inc. v.*
 19 *Colorado Altitude Training LLC*, Case No. 02 Civ. 6191 (TPG), 2012 U.S. Dist. LEXIS 122830,
 20 at *34 (S.D.N.Y. Aug. 28, 2012) ("With regard to the 150 tent, [defendant] no longer sells it, and
 21 no injunction is necessary."); *Tyco Healthcare Grp. LP v. Applied Med. Res. Corp.*, Case
 22 No. 9:09-cv-176, 2011 U.S. Dist. LEXIS 154686, at *5-6 (E.D. Tex. Sept. 23, 2011) (denying
 23 motion for reconsideration where district court had previously held, "[Defendant] also represents
 24 that it no longer makes or sells the accused products. To the extent that this is indeed the case,

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 26 (Footnote continued from previous page.)

27 evidence of gray market sales of mattresses that did not comply with plaintiff's handling
 28 requirements.

1 Plaintiffs' argument regarding irreparable harm carries even less weight.”).

2 **III. THE BALANCE OF HARDSHIPS DOES NOT FAVOR ISSUANCE OF A**
 3 **PRELIMINARY INJUNCTION.**

4 To prevail, Plaintiff must establish that “the balance[e] of equities tips in [its] favor.”
 5 *Winter*, 555 U.S. at 20. Courts “must balance the competing claims of injury and consider the
 6 effect on each party of the granting or withholding of the requested relief.” *Id.* at 24 (citation
 7 omitted). Because Plaintiff has not shown that it will suffer irreparable harm if an injunction does
 8 not issue, Plaintiff has not identified significant hardships that will weigh in its favor.

9 By contrast, Restoration Hardware will suffer substantial hardship if Plaintiff’s proposed
 10 injunction issues. It is overbroad, unduly burdensome, and grossly unfair. It would require that
 11 Restoration Hardware provide a notice to all recipients of its catalogs that “the genuine Navy
 12 Chair® products are available for purchase from Plaintiff and its authorized retailers.” (Pl.’s
 13 Proposed Order ¶ 4.) In essence, Plaintiff wants Restoration Hardware to create free advertising
 14 for Plaintiff, an excessive measure that “would not be remedial, but rather would be punitive.”
 15 *Supelco, Inc. v. Alltech Assocs.*, Case No. 86-2484, 1986 U.S. Dist. LEXIS 21236, at *14-15
 16 (E.D. Pa. Aug. 25, 1986) (denying preliminary injunction in false advertising case that would
 17 require recall of advertisements that had “limited effect”); *JL Beverage Co., LLC v. Beam, Inc.*,
 18 Case No. 2:11-cv-00417-MMD-CWH, 2012 U.S. Dist. LEXIS 137076, at *48-49 (D. Nev. Sept.
 19 25, 2012) (identifying recall of products and promotional materials as hardships that tip balance
 20 in defendants’ favor). Additionally, these proposed remedies would not remedy Plaintiff’s
 21 alleged harm. If harm was caused in September by exposing potential customers to a less
 22 expensive version of a naval chair in the catalog (and Restoration Hardware certainly denies that
 23 there was any harm), it is hard to fathom how reminding these customers of that chair now, three
 24 months later, will improve the situation.

25 In addition to the financial cost of recalling catalogs and publishing a corrective notice,
 26 Restoration Hardware will suffer a loss of goodwill with its customers that would be
 27 disproportionate to any asserted harm of simply leaving the status quo in place. Such
 28 overreaching corrective measures are should be avoided given that the record in this case is far

1 from fully developed. *Genovese Drug Stores, Inc. v. TGC Stores, Inc.*, 939 F. Supp. 340, 350-51
 2 (D.N.J. 1996) (finding that harm from defendant being forced to change its name would be
 3 irreparable and more devastating than the possibility of harm to plaintiff's reputation).

4 **IV. THE PUBLIC INTEREST DOES NOT REQUIRE A PRELIMINARY** 5 **INJUNCTION**

6 In trademark cases, "courts often define the public interest at stake as the right of the
 7 public not to be deceived or confused." *Cytosport v. Vital Pharm., Inc.*, 617 F. Supp. 2d 1051,
 8 1081 (E.D. Cal. 2009). Because Plaintiff has failed to establish that consumer confusion is likely,
 9 the public interest weighs against granting an injunction. *See JL Bev.*, 2012 U.S. Dist. LEXIS
 10 137076, at *48-49 (public interest weighs against injunction where "the public is unlikely to be
 11 confused"); *Aurora World, Inc. v. TY Inc.*, 719 F. Supp. 2d 1115, 1170 (C.D. Cal. 2009) (same).

12 Though Restoration Hardware has stopped selling the products, granting an injunction
 13 here would undercut the well-settled policy of "encouraging, not stifling, competition." *Calvin*
 14 *Klein Cosmetics Corp. v. Lenox Labs., Inc.*, 815 F.2d 500, 505 (8th Cir. 1987). The public
 15 interest favors such competition because it offers consumers more choices. *Id.* (vacating
 16 preliminary injunction where "strong public interest in lowest possible prices" not considered).¹²

17 **CONCLUSION**

18 For the foregoing reasons, this Court should deny Plaintiff's motion for a preliminary
 19 injunction and allow this case to proceed to a full and fair determination on the merits after there
 20 has been adequate time for discovery.

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 26 ¹² Plaintiff argues that because Restoration Hardware has stopped selling the products, it
 27 "is willing and able to assume any monetary loss risk as a result of an injunction" such that no
 28 bond is required. (Mot. at 24 n.12.) Plaintiff cites no authority and has not demonstrated why
 this Court should deviate from the plain language of Fed. R. Civ. P. 65(c), which requires a bond.

1 Dated: November 16, 2012

MORRISON & FOERSTER LLP

2
3 By: /s/ Wesley E. Overson

4 WESLEY E. OVERSON

5 Attorneys for Defendants
6 RESTORATION HARDWARE, INC.
7 and GARY FRIEDMAN
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